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OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



DARLENE GREEN
Comptroller

Internal Audit Section

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November 25, 2008

Shavette Wayne, Executive Director
Hamilton Heights Neighborhood Organization
5500 Natural Bridge Blvd.
St. Louis, MO 63120

RE: Fiscal Monitoring Review of Hamilton Heights Neighborhood Organization,
Community Development Block Grant (CDBG), Contracts #06-31-48, #07-31-78
and #07-36-16, CFDA# 14.218 (Project #2008-CDA23)

Dear Ms. Wayne:

Enclosed is a report of our fiscal monitoring review of Hamilton Heights Neighborhood Organization, a not for profit organization, CDBG, for the period January 1, 2006 through December 31, 2007. The scope of a fiscal monitoring review is substantially less than an audit, and as such, we do not express an opinion on the financial operations of Hamilton Heights Neighborhood Organization. The fieldwork was completed on February 15, 2008.

This review was made under authorization contained in Section 2, Article XV of the Charter, City of St. Louis, as revised and has been conducted in accordance with the *International Standards for the Professional Practice of the Internal Auditing* and through an agreement with the Community Development Administration (CDA) to provide fiscal monitoring to all grant sub-recipients.

If you have any questions, please contact Internal Audit Section at (314) 622-4723.

Sincerely,

Dr. Kenneth M. Stone, CPA
Internal Audit Executive

Enclosure

cc: Jill Claybour, Acting Executive Director, CDA
Lorna Alexander, Special Assistant for Development, CDA



CITY OF ST. LOUIS

COMMUNITY DEVELOPMENT ADMINISTRATION (CDA)

***HAMILTON HEIGHTS NEIGHBORHOOD ORGANIZATION
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)***

***CONTRACTS #06-31-48, #07-31-48 & #07-36-16
CFDA #14.218***

***FISCAL MONITORING REVIEW
JANUARY 1, 2006 THROUGH DECEMBER 31, 2007***

PROJECT #2008-CDA23

DATE ISSUED: NOVEMBER 25, 2008

***Prepared by:
The Internal Audit Section***



OFFICE OF THE COMPTROLLER

Honorable Darlene Green, Comptroller

**CITY OF ST. LOUIS
COMMUNITY DEVELOPMENT ADMINISTRATION (CDA)
HAMILTON HEIGHTS NEIGHBORHOOD ORGANIZATION (CDBG)
FISCAL MONITORING REVIEW
JANUARY 1, 2006 THROUGH DECEMBER 31, 2007**

TABLE OF CONTENTS

| <u>Description</u> | <u>Page(s)</u> |
|---|-----------------------|
| INTRODUCTION | |
| Background | 1 |
| Purpose | 1 |
| Scope and Methodology | 1 |
| Exit Conference | 2 |
| Management Response | 2 |
| SUMMARY OF OBSERVATIONS | |
| Conclusion | 3 |
| Status of Prior Observations | 3 |
| A-133 Status | 3 |
| Summary of Current Observations | 3 |
| DETAILED OBSERVATIONS, RECOMMENDATIONS, AND MANAGEMENT RESPONSES | 4 |

**CITY OF ST. LOUIS
COMMUNITY DEVELOPMENT ADMINISTRATION (CDA)
HAMILTON HEIGHTS NEIGHBORHOOD ORGANIZATION (CDBG)
FISCAL MONITORING REVIEW
JANUARY 1, 2006 THROUGH DECEMBER 31, 2007**

INTRODUCTION

Background

Contract Name: Hamilton Heights Neighborhood Organization

Contract Numbers: 06-31-48
07-31-48
07-36-16

CFDA Number: 14.218

Contract Periods: January 1, 2006 through December 31, 2006
January 1, 2007 through December 31, 2007
January 1, 2007 through December 31, 2007

Contract Amounts: \$90,000 revised to \$171,348
\$130,000 revised to \$171,977
\$50,000

These contracts were used for housing construction, to conduct technical assistance and marketing for low/moderate income persons. Funds were also used to implement the Targeted Management Assistance Program for the 22nd and 26th Wards.

Purpose

The purpose of our review was to determine Hamilton Heights Neighborhood Organization's (Agency) compliance with federal (including OMB A-133), state and local CDBG requirements for the period January 1, 2006 through December 31, 2007 and make recommendations for improvements as necessary.

Scope and Methodology

Inquiries were made regarding the Agency's internal controls relating to the grant administered by the Community Development Administration (CDA), evidence tested supporting the reports the agency submitted to CDA and other procedures were performed as considered necessary. The fieldwork was completed on February 15, 2008.

**CITY OF ST. LOUIS
COMMUNITY DEVELOPMENT ADMINISTRATION (CDA)
HAMILTON HEIGHTS NEIGHBORHOOD ORGANIZATION (CDBG)
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JANUARY 1, 2006 THROUGH DECEMBER 31, 2007**

INTRODUCTION

Exit Conference

An exit conference was conducted at Hamilton Height Neighborhood Organization on October 8, 2008. Shavette Wayne-Jones represented the Agency. Victoria Reed represented the Internal Audit Section.

Management Responses

The management's response to the observation and recommendation identified in this report were received from the Agency on November 3, 2008. The response has been incorporated into this report.

**CITY OF ST. LOUIS
COMMUNITY DEVELOPMENT ADMINISTRATION (CDA)
HAMILTON HEIGHTS NEIGHBORHOOD ORGANIZATION (CDBG)
FISCAL MONITORING REVIEW
JANUARY 1, 2006 THROUGH DECEMBER 31, 2007**

SUMMARY OF OBSERVATIONS

Conclusion

The Agency did not fully comply with federal (including OMB Circular A-133), state and local CDBG requirements.

Status of Prior Observations

The Agency's previous fiscal monitoring report dated August 1, 2006 contained one observation. The observation has been resolved during our review.

- Failure to authorize invoices for reimbursement.

A-133 Status

The Agency did not expended \$500,000 or more in federal funds for fiscal years 2006 and 2007. Therefore, the agency was not required to have a single audit in accordance with OMB Circular A-133.

Summary of Current Observations

The recommendation is made for the following observation, which if implemented, could assist the Agency in fully complying with federal (including OMB Circular A-133), state and local CDBG requirements.

- Opportunity to comply with CDA procurement policies

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**DETAILED OBSERVATIONS, RECOMMENDATIONS
AND MANAGEMENT'S RESPONSES**

Opportunity to Comply with CDA Procurement Policy

As stated in section 3.4 of CDA policies and procedures regarding procurements, "Each Operating Agency is required to competitively solicit bids for all services, supplies, equipment, etc. over \$200 by obtaining at least three bids or price quotes, including at least one from a Minority Business Enterprise (MBE) and one from a Women's Business Enterprise (WBE) when possible. This will ensure that federal funds are being spent in an open freely competitive manner as well as being awarded on a cost-effective basis."

The Agency purchased a Cannon DVD Camcorder for \$500.00 without soliciting bids as required by the CDA's procurement guidelines.

The Agency did not follow the CDA's procurement guidelines.

A non-compliance with the CDA's procurement guidelines may result termination of the contract agreement with CDA.

Recommendation

We recommend the Agency comply with the CDA procurements guidelines, which require soliciting bids for all services, supplies and equipment purchased with CDA funds that cost more than \$200.

Management's Response

We do hereby concur with the Internal Audit finding that the required CDA procurement process was not met when we purchased the following item:

Cannon DVD Camcorder

We erroneously interpreted the CDA regulations as not needing to procure purchases under \$1,000. Therefore, we did not procure the purchases of the DVD Camcorder. However, in the future we will procure all purchases for individual items \$200 or more.